

6.1 Economic issues

Name: _____ Class: _____ Date: _____ **Total: 20 marks**

KEY WORDS recession 衰退 • business cycle 经济周期 • inflation 通货膨胀 • boom 繁荣
• growth 增长

Objective

Build the skills to answer exam questions on **economic issues** 经济问题 — the **business cycle** 经济周期, and how **taxation**, **interest rates**, **inflation**, **unemployment** and **exchange rates** 税收、利率、通货膨胀、失业、汇率 affect business.

You must be able to:

- describe the stages of the business cycle
- explain how each economic factor affects a business
- analyse how a business should respond to economic change

1 Worked examples

■ The business cycle and economic factors

growth → boom → recession → slump → recovery

External influences are outside the business's control

- **Cycle:** growth 增长 → boom 繁荣 → recession 衰退 → slump 萧条 → recovery 复苏.

- **Higher taxes** → less spending, lower profit. **Higher interest rates** → dearer loans, less investment and spending.
- **Inflation** 通货膨胀 → higher costs. **High unemployment** → lower sales but easier hiring.

Answer shapes: K + App + An + Ev (a justified judgement, for “do you think” questions).

2 Practice

2.1 State the five stages of the business cycle. [2]

2.2 State one effect on a business of a rise in interest rates. [2]

2.3 Define the term *inflation*. [2]

3 Exam-style questions

3.1 Identify two ways a business might respond to a recession. [2]

3.2 Explain two effects on a business of a rise in interest rates. [6]

3.3 Do you think a recession is always bad for every business? Justify your answer. [6]
